



# Indiana Department of Environmental Management

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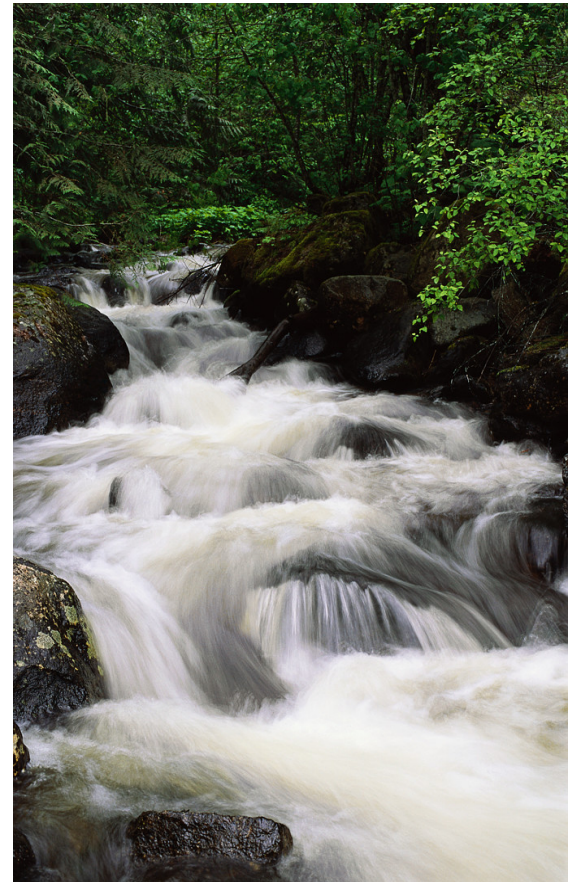
Budget Presentation  
FY '08 and '09



# IDEM Mission Statement

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IDEM's core mission is to protect human health and the environment while allowing for environmentally sound activities of industrial, agricultural, commercial and governmental operations vital to a prosperous economy.





## Major Accomplishments 2005-2007

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### Office of Water Quality (OWQ)

- An increase from 1 to 50 local communities which have either eliminated combined sewer overflows or have obtained approved plans to adequately address the discharge of untreated sewage during heavy rains.
- Reduced the permit backlog by 59%.
- Issued 1,200 drinking water permits.
- Issued 382 wastewater permits.



# Major Accomplishments 2005-2007

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## OWQ

- Processed 327 applications for wetland activities, including Section-401 certifications.
- Completed 2,048 technical compliance assistance visits & inspections.
- Updated Indiana's 5-yr water quality monitoring strategy.
- Updated Indiana's list of impaired waters.
- Developed 116 Total Maximum Daily Load plans to address impaired waters.



# Indiana Department of Environmental Management

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## Budget & Staffing

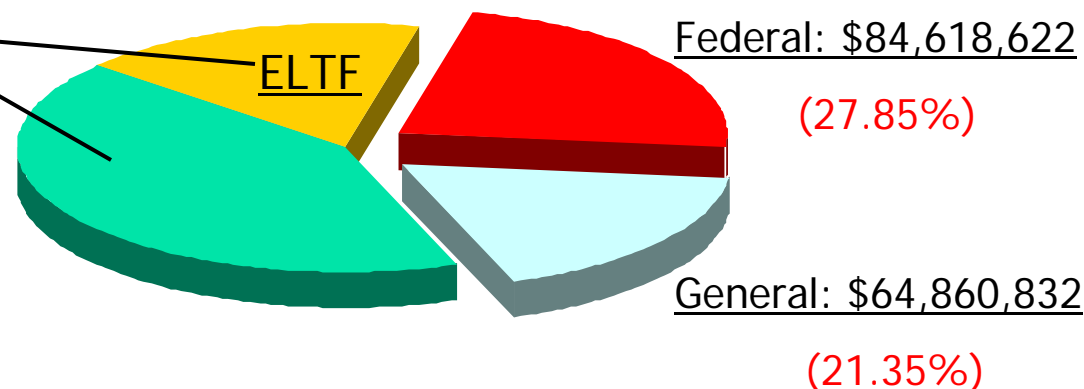
# Current Budget Compared to Proposed Budget

## Current: 2005-2007 - \$303,837,582

\*Dedicated: \$154,358,128

(50.80% of total budget)

\*Includes \$63,047,325 from  
Excess Liability Trust Fund  
(ELTF) & \$91,310,803 from  
other dedicated funds.

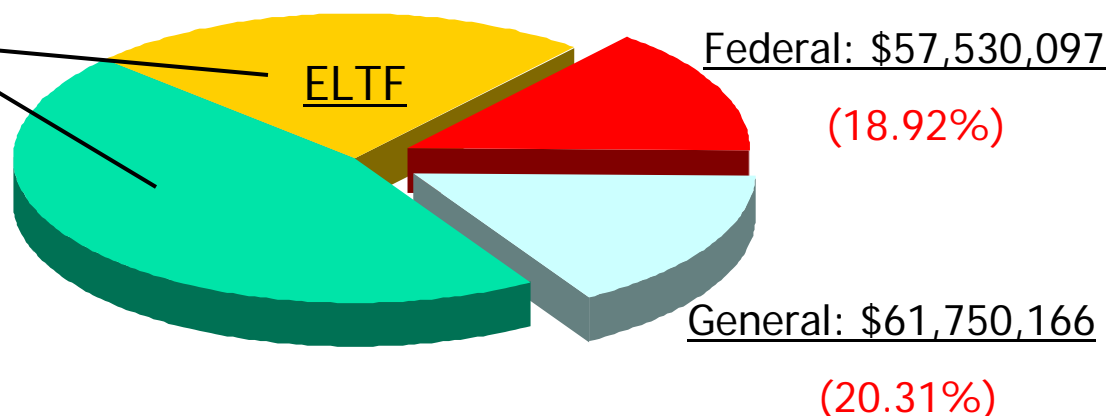


## Proposed: 2007-2009 - \$304,019,214

\*Dedicated: \$184,738,951

(60.77% of total budget)

\*Includes \$97,769,864 from  
Excess Liability Trust Fund  
(ELTF) & \$86,969,087 from  
other dedicated funds.



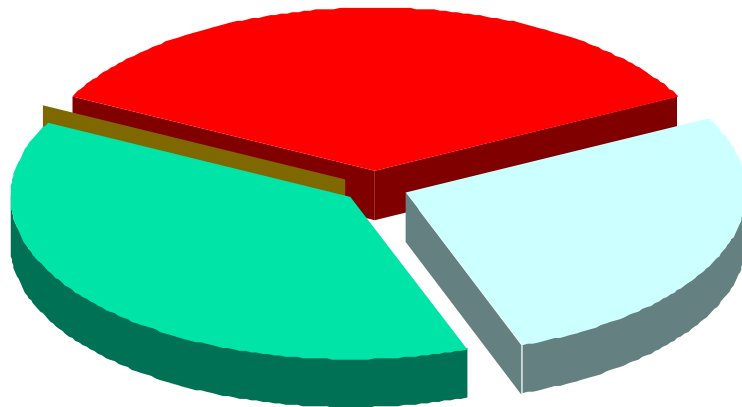
# IDEM Budget Comparisons (w/o ELTF)

2005-2007

\$240,798,257

Federal: \$84,618,622

(35.1%) Red



Dedicated: \$91,318,803

(37.9%) Green

General: \$64,860,832

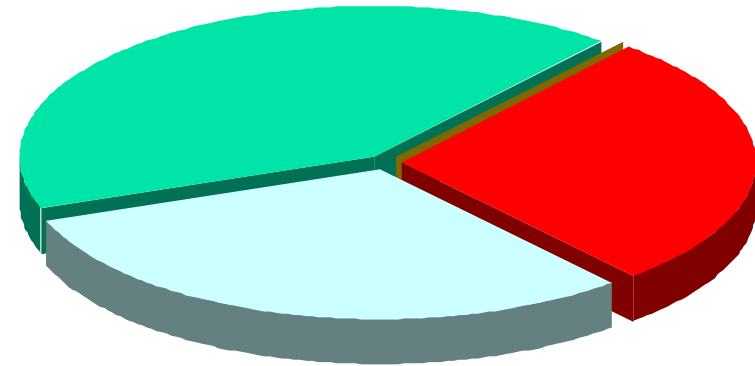
(29.9%) Lt. Blue

2007-2009

\$206,249,350

Federal: \$57,530,097

(27.9%) Red



Dedicated: \$86,969,087

(42.2%) Green

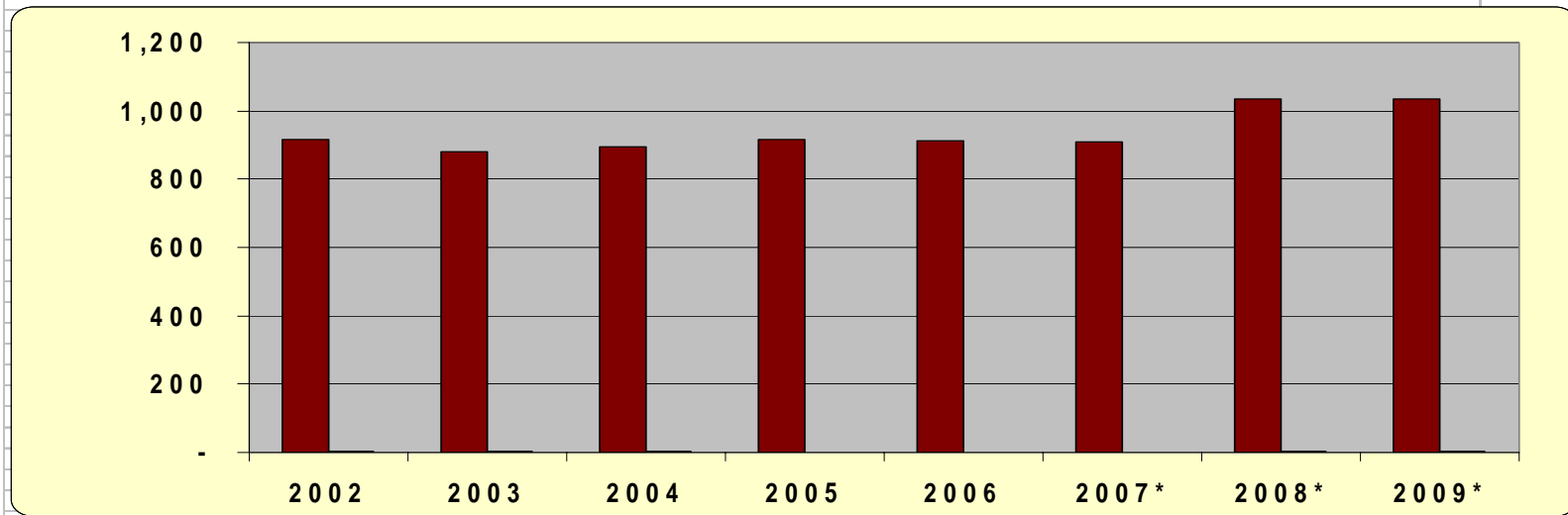
General: \$61,750,166

(29.9%) Lt. Blue

# IDEM Staffing Levels

	2002	2003	2004	2005	2006	2007*	2008*	2009*
<b>FTE</b>	<b>916</b>	<b>882</b>	<b>893</b>	<b>917</b>	<b>914</b>	<b>908</b>	<b>1,033</b>	<b>1,033</b>
Intermittent	4	4	2	1	1	1	2	2
Total	920	886	895	918	915	909	1,035	1,035
Budgeted	1,076	1,076	1,054	1,054	1,063	1,063	1,035	1,035

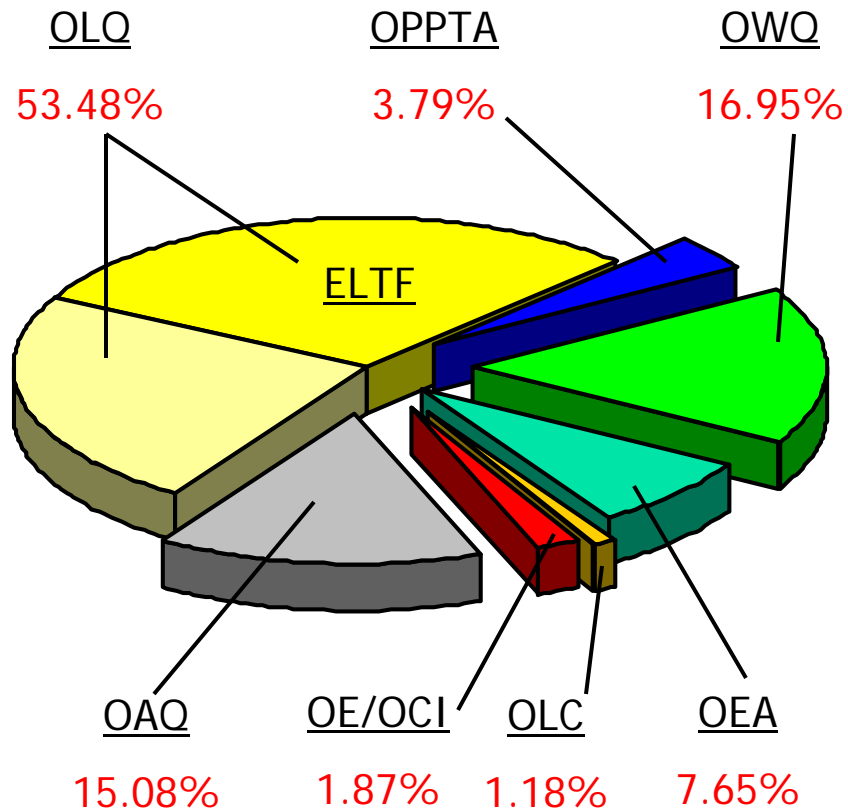
*\*FTE totals for FY 2002 - 2006 are actual. FY 2007 FTE total is currently at 908. FY 2008 & 2009 are budget estimates.*



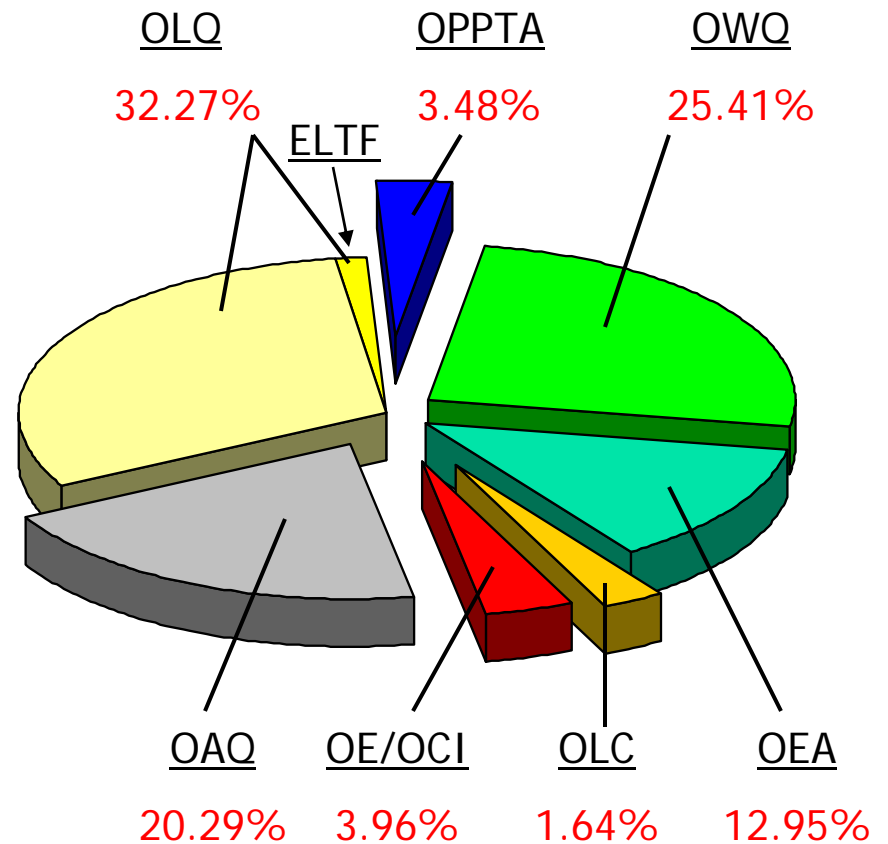


# Proposed Budget & Staffing

**Budget: \$304,019,214**



**Staff: 1,035**





## Key Changes Current to Proposed Biennium

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- \$3.1M General fund decrease due to reduction in funding for Auto Emissions testing program.
- \$31.5 M increase in budgeted Dedicated funds:
  - \$34.7 M budgeted increase in Excess Liability Trust Fund.
  - \$3.2 M budgeted decrease in 11 other dedicated funds.
- \$27.1M projected net decrease in all Federal funds due to EPA cuts in funding.



## Details on Funding Sources

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- Dedicated Funds consist of various fees & fines, The largest of these include:
  - Excess Liability Trust Fund underground storage tank fees (increased by the 2005 Legislature).
  - Clean Air Act Title V air permit fees (25% increase adopted by the Air Board on 12/06/06).
  - Statutory permit fees for drinking water (increased by 2003 Legislature), wastewater & solid & hazardous waste.
  - Environmental Management Special Fund (fees, fines & penalties).



## Federal Funding Concerns

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- On average, a state match of 46% of our Federal funds is required. This analysis excludes \$10.5 M budgeted for Continental Steel.
- Grant funds are becoming more competitive as EPA funding is being cut by Congress.
- Federal funding is being eliminated for Super Fund CORE.
- Federal funding is being reduced an average of 3% per year over all other program areas.



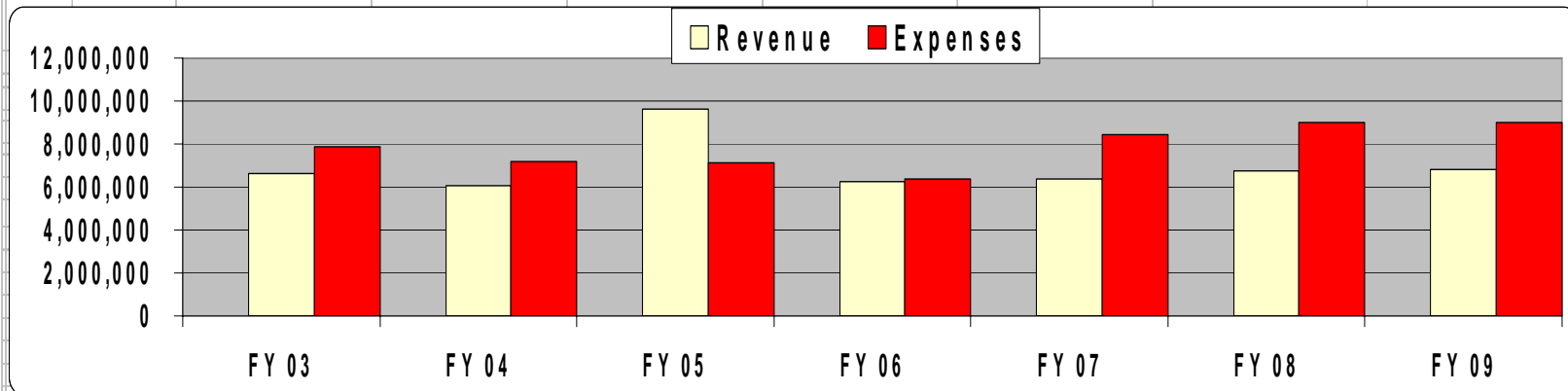
## Dedicated Fund Concerns

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- IDEM OWQ fees have not been increased since 1994.
  - With the Exception of increases in the following:
    - Safe Drinking Water (approved by 2003 Legislature)
- Programs currently not adequately supported by fees:
  - Storm water Rules 5, 6 and 13
  - Wetlands
  - Environmental Permit Operations Fund
    - Wastewater permit (NPDES) fees
  - Environmental Management Special Fund
    - The goal is for 100% compliance, thus driving this fund to \$0.

## 2830 Water Management Permits

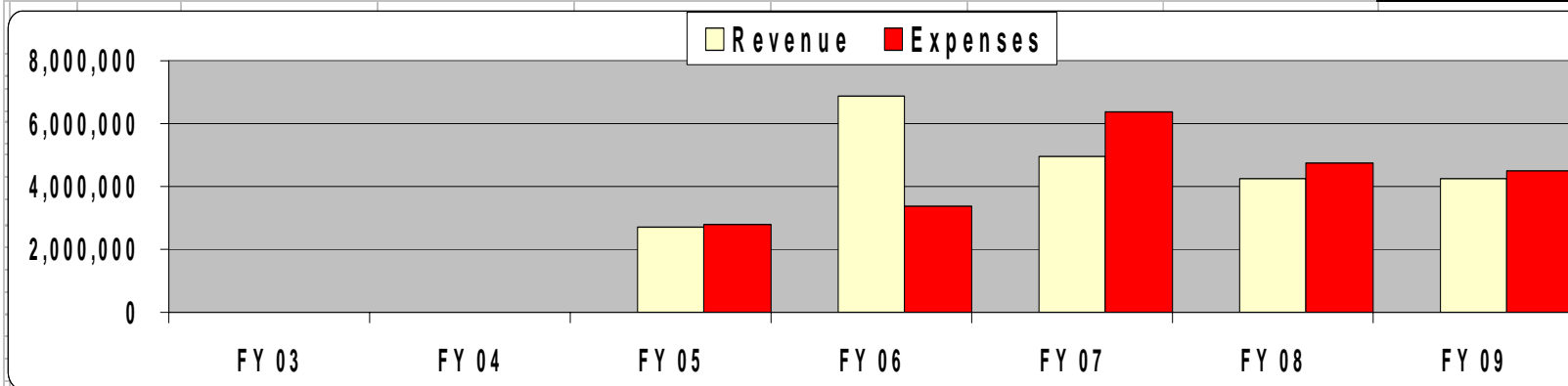
	006	FY 03	FY 04	FY 05	FY 06	FY 07 (Est.)	FY 08 (Est.)	FY 09 (Est.)
Beg. Balance		\$1,985,679						
Revenue		6,618,144	6,064,097	9,613,781	6,249,539	6,391,830	6,774,864	6,829,788
Expenses		7,905,289	7,205,038	7,143,380	6,403,853	8,468,120	9,022,095	9,012,064
Cash Flow		(1,287,145)	(1,140,941)	2,470,401	(154,314)	(2,076,290)	(2,247,231)	(2,182,276)
End Balance		698,534	(442,407)	2,027,994	1,873,680	(202,610)	(2,449,841)	(\$4,632,117)



1. All general & dedicated revenue is reflected in the revenue line.
2. FY 07, 08, 09 revenue & expense estimates are derived from current & proposed biennial budgets.
3. FY 07 expenses have been adjusted to include unpaid obligations on Auditor of State system.
4. FY 05 revenue includes funds collected in FY 94 & held in the Special Fund pending the outcome of litigation. These funds were released to the Programs in FY 05 upon the advice of IDEM attorneys.

## 2830 Safe Drinking Water Permits

017	FY 03	FY 04	FY 05	FY 06	FY 07 (Est.)	FY 08 (Est.)	FY 09 (Est.)
Beg. Balance	\$0						
Revenue	0	0	2,700,904	6,888,875	4,975,190	4,251,690	4,244,000
Expenses	0	0	2,794,389	3,369,980	6,376,301	4,744,534	4,517,242
Cash Flow	0	0	(93,485)	3,518,895	(1,401,111)	(492,844)	(273,242)
End Balance	0	0	(93,485)	3,425,410	2,024,299	1,531,455	\$1,258,213



1. All general, federal & dedicated revenue is reflected in the revenue line.
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# Office of Water Quality

<i>As Submitted - 2007 - 2009</i>	Staff	Funding Resources (millions)			
<i>Office of Water Quality (OWQ)</i>	Resources	General	Dedicated	Federal	Total
Watershed Grant Programs	16	\$0.11	\$0.00	\$9.71	\$9.82
Clean Water Act Programs/Assessments	55	\$4.45	\$1.47	\$2.59	\$8.51
Safe Drinking Water Programs	63	\$1.05	\$5.02	\$6.16	\$12.23
Federal NPDES Program	32	\$1.48	\$3.40	\$0.00	\$4.88
Operations & Rules Development	12	\$1.16	\$0.21	\$0.50	\$1.87
Eliminate Impaired Water Designation	1	\$0.11	\$0.00	\$0.05	\$0.16
Stormwater (Rules 5, 6 & 13)	7	\$0.33	\$0.74	\$0.00	\$1.07
Eliminate CSO	7	\$0.33	\$0.74	\$0.00	\$1.07
Wastewater Plant/Sewer Permits	33	\$1.58	\$3.25	\$0.17	\$5.00
State Funded Clean Water Programs	32	\$1.59	\$3.89	\$0.05	\$5.53
Permits in Isolated Wetlands	3	\$0.74	\$0.00	\$0.35	\$1.09
Industrial Water Pretreatment	2	\$0.10	\$0.21	\$0.00	\$0.31
<i>Total OWQ</i>	263	\$13.03	\$18.93	\$19.58	\$51.54





## Budget Challenges

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- Depletion of key Dedicated funding balances:
  - In order to continue our speedy responses, perform our core regulatory functions & reduce backlogged permits, we need to address dedicated funding in the long term.
- Reductions in Federal funding.
- No increase in General funds.
- Provide adequate support for unfunded programs.



## Current Funding Priorities

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- ❑ OWQ wastewater permit fee
- ❑ OWQ program implementation of Storm Water Rules 5, 6 & 13



# Fee Proposals

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- NPDES – 79 staff
- Fee Revenue: \$3.8M
- Expenses: \$6.2M
- Proposed Fee Revenue: \$4.75M
- Annual Number of permits issued: 340
- Proposed increase is 25%



# Fee Proposals

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- Drinking Water/Wastewater Operator Certification – 6 current staff
- Fee Revenue: \$146,000
- Current Expenses: \$471,000
- Proposed Fee Revenue: \$526,000 (would add 3 staff)
- Annual Number Certifications/tests issued: 4469



# Fee Proposals

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- Wetland/Water Quality Certification – 7 staff
- Fee Revenue: \$0 (60% federal funds/40% state funds)
- Expenses: \$602,000
- Proposed Fee Revenue: \$ 426,000 to \$549,000
- Annual Number of permits issued: 760



# Fee Proposals

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- Storm-water Fees – 8 current Staff
- Fee Revenue: \$365,000
- Expenses: \$782,000
- Proposed Fee Revenue: \$1.4M (add field staff for inspections)
- Annual Number of permits issued: 4,050
- Rules 5, 6 and 13 have been funded through fees and enforcement fines



# Fee Proposals

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- Hazardous Waste – 96 staff
- Fee Revenue: \$1.3M
- Expenses: \$8M
- Proposed Fee Revenue: \$4.1M
- Permit Review, renewal, modifications and Corrective action plan reviews: 375
- Federal funding (currently) 33%
- State funding (currently) 31%
- Fee funding (currently) 36%



# Fee Proposals Impact on OWQ

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- Without Fee Increase the OWQ dedicated funds are spending \$5,200,587 more than projected income in the 07-09 biennium.
- Proposed OWQ fee increases would increase OWQ dedicated fund income by \$5,705,000 in the 07-09 biennium
- Small staff increases in Wet Weather and Operator Certification Programs